



ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2015  
OF THE CONDITION AND AFFAIRS OF THE

Health Alliance Plan of Michigan

NAIC Group Code 1311 , 1311 NAIC Company Code 95844 Employer's ID Number 38-2242827  
(Current Period) (Prior Period)

Organized under the Laws of Michigan , State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]  
Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [ X ]  
Other [ ] Is HMO, Federally Qualified? Yes [ X ] No [ ]

Incorporated/Organized 06/27/1978 Commenced Business 02/08/1979

Statutory Home Office 2850 West Grand Boulevard , Detroit, MI, US 48202  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2850 West Grand Boulevard  
(Street and Number)

Detroit, MI, US 48202 313-872-8100  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard , Detroit, MI, US 48202  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard  
(Street and Number)

Detroit, MI, US 48202 248-443-1093  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number) (Extension)

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Statutory Statement Contact Dianna L Ronan CPA , 248-443-1093  
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OFFICERS

Name	Title	Name	Title
<u>Wright L Lassiter III #</u>	<u>President and CEO</u>	<u>Todd E Hutchison #</u>	<u>Treasurer</u>
<u>Edith L Eisenmann</u>	<u>Secretary</u>	<u>Dan E Champney</u>	<u>Assistant Secretary</u>

OTHER OFFICERS

\_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_

DIRECTORS OR TRUSTEES

<u>Marvin W Beatty</u>	<u>Shari L Burgess</u>	<u>Sandra A Cavette MPH RDH</u>	<u>James M Connelly</u>
<u>Colleen M Ezzeddine Ph D</u>	<u>Joyce V Hayes-Giles</u>	<u>Harvey Hollins III</u>	<u>Jamie C Hsu Ph D</u>
<u>Wright L Lassiter III #</u>	<u>Raymond C Lope' #</u>	<u>Jackie Martin</u>	<u>Judith S Milosic</u>
<u>Susanne M Mitchell</u>	<u>Marguerite S Rigby</u>	<u>Kim E Schatzel Ph D</u>	<u>Michelle B Schreiber MD</u>
<u>James G Vella</u>	<u>Susie M Wells</u>	_____	_____
_____	_____	_____	_____

State of \_\_\_\_\_Michigan\_\_\_\_\_

County of \_\_\_\_\_Wayne\_\_\_\_\_

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<u>Wright L Lassiter III</u> President and CEO	<u>Todd E Hutchison</u> Treasurer	<u>Edith L Eisenmann</u> Secretary
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_ ,

a. Is this an original filing? Yes [ X ] No [ ]

b. If no:

1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

\_\_\_\_\_  
Roderick Irwin Curry, Notary  
August 14 2020

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	60,569,185		60,569,185	59,073,614
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	157,715,241		157,715,241	155,260,653
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....	9,247,363	8,286,567	960,795	660,328
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....17,760,289 , Schedule E-Part 1), cash equivalents (\$ .....0 , Schedule E-Part 2) and short-term investments (\$ .....137,036,949 , Schedule DA).....	154,797,239		154,797,239	171,193,918
6. Contract loans (including \$ ..... premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA) .....	10,604,319		10,604,319	10,715,151
9. Receivables for securities .....	51,260		51,260	1,049,196
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets .....	1,490,307	0	1,490,307	1,426,550
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	394,474,913	8,286,567	386,188,345	399,379,409
13. Title plants less \$ ..... charged off (for Title insurers only).....			0	0
14. Investment income due and accrued .....	411,096		411,096	419,988
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	26,423,854		26,423,854	35,847,389
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ .....1,906,205 ) .....	1,906,205		1,906,205	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	3,497,196		3,497,196	4,455,369
16.2 Funds held by or deposited with reinsured companies .....			0	0
16.3 Other amounts receivable under reinsurance contracts .....			0	0
17. Amounts receivable relating to uninsured plans .....	6,510,000		6,510,000	5,920,000
18.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit .....			0	0
20. Electronic data processing equipment and software.....	79,962,494	76,188,005	3,774,489	4,779,785
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	5,763,874	5,763,874	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
23. Receivables from parent, subsidiaries and affiliates .....	8,303,632		8,303,632	6,673,824
24. Health care (\$ .....12,984,872 ) and other amounts receivable.....	15,251,079	2,266,207	12,984,872	11,457,753
25. Aggregate write-ins for other-than-invested assets .....	4,656,402	4,567,255	89,147	88,043
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	547,160,745	97,071,909	450,088,836	469,021,560
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	547,160,745	97,071,909	450,088,836	469,021,560
DETAILS OF WRITE-INS				
1101. Deferred Compensation.....	1,452,636		1,452,636	1,416,342
1102. Rabbi Trust.....	37,670		37,670	10,207
1103. ....			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	1,490,307	0	1,490,307	1,426,550
2501. Prepaid Expense.....	4,567,255	4,567,255	0	0
2502. Other Assets.....	57,843		57,843	57,843
2503. Other Receivables.....	31,304		31,304	30,200
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,656,402	4,567,255	89,147	88,043

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....221,247 reinsurance ceded)	.....111,829,208		.....111,829,208	.....124,481,501
2. Accrued medical incentive pool and bonus amounts .....			.....0	.....0
3. Unpaid claims adjustment expenses .....	.....1,401,232		.....1,401,232	.....1,567,312
4. Aggregate health policy reserves, including the liability of \$ .....1,368,083 for medical loss ratio rebate per the Public Health Service Act.....	.....2,393,091		.....2,393,091	.....275,000
5. Aggregate life policy reserves .....			.....0	.....0
6. Property/casualty unearned premium reserves .....			.....0	.....0
7. Aggregate health claim reserves.....			.....0	.....0
8. Premiums received in advance .....	.....17,600,901		.....17,600,901	.....14,539,605
9. General expenses due or accrued .....	.....39,432,219		.....39,432,219	.....48,572,557
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)).....			.....0	.....0
10.2 Net deferred tax liability .....			.....0	.....0
11. Ceded reinsurance premiums payable .....			.....0	.....0
12. Amounts withheld or retained for the account of others .....			.....0	.....0
13. Remittances and items not allocated .....			.....0	.....0
14. Borrowed money (including \$ .....5,000,000 current) and interest thereon \$ ..... (including \$ ..... current) .....	.....29,166,675		.....29,166,675	.....34,166,672
15. Amounts due to parent, subsidiaries and affiliates .....	.....3,248,542		.....3,248,542	.....3,620,720
16. Derivatives.....		.....0	.....0	.....0
17. Payable for securities .....	.....731,964		.....731,964	.....176,686
18. Payable for securities lending .....			.....0	.....0
19. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers, \$ ..... unauthorized reinsurers and \$ ..... certified reinsurers).....			.....0	.....0
20. Reinsurance in unauthorized and certified (\$ .....) companies.....			.....0	.....0
21. Net adjustments in assets and liabilities due to foreign exchange rates .....			.....0	.....0
22. Liability for amounts held under uninsured plans .....			.....0	.....0
23. Aggregate write-ins for other liabilities (including \$ ..... current) .....	.....32,029,699	.....0	.....32,029,699	.....33,359,563
24. Total liabilities (Lines 1 to 23).....	.....237,833,532	.....0	.....237,833,532	.....260,759,616
25. Aggregate write-ins for special surplus funds .....	XXX	XXX	.....14,950,049	.....17,352,928
26. Common capital stock .....	XXX	XXX		.....0
27. Preferred capital stock .....	XXX	XXX		.....0
28. Gross paid in and contributed surplus .....	XXX	XXX		.....0
29. Surplus notes .....	XXX	XXX		.....0
30. Aggregate write-ins for other-than-special surplus funds .....	XXX	XXX	.....0	.....0
31. Unassigned funds (surplus) .....	XXX	XXX	.....197,305,255	.....190,909,016
32. Less treasury stock, at cost: 32.1 .....shares common (value included in Line 26 \$ ..... ) .....	XXX	XXX		.....0
32.2 .....shares preferred (value included in Line 27 \$ ..... ) .....	XXX	XXX		.....0
33. Total capital and surplus (Lines 25 to 31 minus Line 32) .....	XXX	XXX	.....212,255,304	.....208,261,944
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	.....450,088,836	.....469,021,560
DETAILS OF WRITE-INS				
2301. Pension Liability - Long Term.....	.....28,892,673		.....28,892,673	.....29,241,397
2302. Retiree Health Benefits.....	.....1,592,312		.....1,592,312	.....1,840,072
2303. Deferred Compensation.....	.....1,452,636		.....1,452,636	.....1,416,342
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.....92,077	.....0	.....92,077	.....861,752
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	.....32,029,699	.....0	.....32,029,699	.....33,359,563
2501. Surplus Appropriated for ACA Section 9010 Fee Due in 2016.....	XXX	XXX	.....14,950,049	.....17,352,928
2502. ....	XXX	XXX		.....0
2503. ....	XXX	XXX		.....0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	XXX	XXX	.....0	.....0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	.....14,950,049	.....17,352,928
3001. ....	XXX	XXX		.....0
3002. ....	XXX	XXX		.....0
3003. ....	XXX	XXX		.....0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	XXX	XXX	.....0	.....0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,123,862	3,529,098
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	1,605,369,380	1,750,916,368
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	(189,382)	(1,426,870)
8. Total revenues (Lines 2 to 7) .....	XXX	1,605,179,998	1,749,489,497
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		1,104,339,676	1,098,717,051
10. Other professional services .....		7,438,930	0
11. Outside referrals .....		8,476,920	60,241,907
12. Emergency room and out-of-area .....		77,373,518	149,262,044
13. Prescription drugs .....		228,050,478	237,286,607
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			411,000
16. Subtotal (Lines 9 to 15) .....	0	1,425,679,522	1,545,918,609
<b>Less:</b>			
17. Net reinsurance recoveries .....		4,513,033	4,694,683
18. Total hospital and medical (Lines 16 minus 17) .....	0	1,421,166,489	1,541,223,926
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....15,828,400 cost containment expenses.....		21,770,489	22,907,336
21. General administrative expenses.....		176,483,170	194,494,378
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	1,619,420,148	1,758,625,640
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	(14,240,151)	(9,136,142)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		17,590,576	1,421,133
26. Net realized capital gains (losses) less capital gains tax of \$ .....0 .....		(36,824,742)	2,459,624
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	(19,234,166)	3,880,757
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....		0	0
29. Aggregate write-ins for other income or expenses .....	0	423,652	257,947
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	(33,050,665)	(4,997,438)
31. Federal and foreign income taxes incurred .....	XXX		0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	(33,050,665)	(4,997,438)
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		0
0602. ....	XXX		0
0603. ....	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	0	0
0701. Gain/(Loss) on Sale of Fixed Assets.....	XXX	(189,382)	(1,426,870)
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	(189,382)	(1,426,870)
1401. ....			0
1402. ....			0
1403. ....			0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. Delta Dental Commission Revenues.....		423,652	257,947
2902. ....			0
2903. ....			0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	423,652	257,947

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year .....	208,261,944	210,223,909
34. Net income or (loss) from Line 32 .....	(33,050,665)	(4,997,438)
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....0 .....	6,598,784	9,955,832
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....		0
39. Change in nonadmitted assets .....	30,950,431	5,993,933
40. Change in unauthorized and certified reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....		0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....		0
47. Aggregate write-ins for gains or (losses) in surplus .....	(505,190)	(12,914,293)
48. Net change in capital and surplus (Lines 34 to 47) .....	3,993,361	(1,961,966)
49. Capital and surplus end of reporting year (Line 33 plus 48)	212,255,304	208,261,944
DETAILS OF WRITE-INS		
4701. Additional Pension Liability.....	(954,480)	(12,558,889)
4702. Additional Retiree Health Benefits.....	449,561	(342,316)
4703. Additional SERP Liability.....	(271)	(13,088)
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	(505,190)	(12,914,293)

CASH FLOW

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance.....	1,615,948,006	1,769,426,219	
2. Net investment income .....	19,357,610	3,251,377	
3. Miscellaneous income .....	422,548	258,982	
4. Total (Lines 1 through 3) .....	1,635,728,165	1,772,936,578	
5. Benefit and loss related payments .....	1,434,369,666	1,559,929,749	
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0	
7. Commissions, expenses paid and aggregate write-ins for deductions .....	192,533,530	194,547,991	
8. Dividends paid to policyholders .....		0	
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0	
10. Total (Lines 5 through 9) .....	1,626,903,196	1,754,477,741	
11. Net cash from operations (Line 4 minus Line 10) .....	8,824,969	18,458,837	
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....	33,301,128	442,160,366	
12.2 Stocks .....	14,455	42,291,411	
12.3 Mortgage loans .....	0	0	
12.4 Real estate .....	0	0	
12.5 Other invested assets .....	0	18,999,022	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0	
12.7 Miscellaneous proceeds .....	1,553,214	0	
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	34,868,796	503,450,799	
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....	35,446,983	431,275,450	
13.2 Stocks .....	1,738,669	59,701,715	
13.3 Mortgage loans .....	0	0	
13.4 Real estate .....	0	0	
13.5 Other invested assets .....	0	11,000,000	
13.6 Miscellaneous applications .....	0	2,446,484	
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	37,185,652	504,423,649	
14. Net increase (decrease) in contract loans and premium notes .....	0	0	
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(2,316,856)	(972,850)	
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....	0	0	
16.2 Capital and paid in surplus, less treasury stock .....	0	0	
16.3 Borrowed funds .....	(5,000,000)	(5,416,665)	
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0	
16.5 Dividends to stockholders .....	0	0	
16.6 Other cash provided (applied).....	(17,904,793)	(17,794,469)	
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(22,904,793)	(23,211,135)	
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(16,396,679)	(5,725,148)	
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	171,193,918	176,919,066	
19.2 End of year (Line 18 plus Line 19.1).....	154,797,239	171,193,918	

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income .....	1,605,369,380	1,012,027,729	0	0	0	108,393,615	484,948,036	0	0	0
2. Change in unearned premium reserves and reserve for rate credit .....	0									
3. Fee-for-service (net of \$ ..... medical expenses) .....	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	(189,382)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(189,382)
7. Total revenues (Lines 1 to 6) .....	1,605,179,998	1,012,027,729	0	0	0	108,393,615	484,948,036	0	0	(189,382)
8. Hospital/medical benefits .....	1,104,339,676	634,679,763				77,169,877	392,490,036			XXX
9. Other professional services .....	7,438,930	4,342,620				519,823	2,576,487			XXX
10. Outside referrals .....	8,476,920	4,948,567				592,357	2,935,996			XXX
11. Emergency room and out-of-area .....	77,373,518	45,168,296				5,406,765	26,798,457			XXX
12. Prescription drugs .....	228,050,478	192,362,597				19,312,806	16,375,075			XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14) .....	1,425,679,522	881,501,843	0	0	0	103,001,628	441,176,051	0	0	XXX
16. Net reinsurance recoveries .....	4,513,033	4,513,033								XXX
17. Total hospital and medical (Lines 15 minus 16) .....	1,421,166,489	876,988,810	0	0	0	103,001,628	441,176,051	0	0	XXX
18. Non-health claims (net) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ .....15,828,400 cost containment expenses.....	21,770,489	14,066,271				1,099,141	6,605,077			
20. General administrative expenses .....	176,483,170	133,730,898				8,106,934	34,645,338			
21. Increase in reserves for accident and health contracts .....	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22) .....	1,619,420,148	1,024,785,980	0	0	0	112,207,703	482,426,466	0	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(14,240,151)	(12,758,251)	0	0	0	(3,814,088)	2,521,570	0	0	(189,382)
DETAILS OF WRITE-INS										
0501. ....										XXX
0502. ....										XXX
0503. ....										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	XXX
0601. Gain/Loss on Sale of Fixed Assets.....	(189,382)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(189,382)
0602. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	(189,382)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(189,382)
1301. ....										XXX
1302. ....										XXX
1303. ....										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....	1,012,634,232		606,503	1,012,027,729
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....	108,422,768		29,153	108,393,615
6. Title XVIII - Medicare .....	484,948,036			484,948,036
7. Title XIX - Medicaid.....				.0
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8) .....	1,606,005,036	0	635,656	1,605,369,380
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	1,606,005,036	0	635,656	1,605,369,380



ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct .....	1,439,876,993	890,090,154				103,815,802	445,971,037			
1.2 Reinsurance assumed .....	0									
1.3 Reinsurance ceded .....	5,489,269	5,489,269								
1.4 Net .....	1,434,387,724	884,600,885	0	0	0	103,815,802	445,971,037	0	0	0
2. Paid medical incentive pools and bonuses .....	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	112,050,462	73,887,069	0	0	0	4,093,891	34,069,502	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	221,251	221,251	0	0	0	0	0	0	0	0
3.4 Net .....	111,829,211	73,665,818	0	0	0	4,093,891	34,069,502	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....	0									
4.2 Reinsurance assumed .....	0									
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	0									
6. Net healthcare receivables (a).....	1,527,119	1,527,119								
7. Amounts recoverable from reinsurers December 31, current year .....	3,497,196	3,497,196								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	124,720,815	80,948,263	0	0	0	4,908,063	38,864,489	0	0	0
8.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	239,314	239,314	0	0	0	0	0	0	0	0
8.4 Net .....	124,481,501	80,708,949	0	0	0	4,908,063	38,864,489	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0
9.4 Net .....	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year .....	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year .....	4,455,369	4,455,369	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct .....	1,425,679,521	881,501,841	0	0	0	103,001,630	441,176,050	0	0	0
12.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	4,513,033	4,513,033	0	0	0	0	0	0	0	0
12.4 Net .....	1,421,166,488	876,988,808	0	0	0	103,001,630	441,176,050	0	0	0
13. Incurred medical incentive pools and bonuses .....	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct .....	34,513,820	21,779,477				1,274,449	11,459,894			
1.2. Reinsurance assumed .....	0									
1.3. Reinsurance ceded .....	0									
1.4. Net .....	34,513,820	21,779,477	0	0	0	1,274,449	11,459,894	0	0	0
2. Incurred but Unreported:										
2.1. Direct .....	68,093,466	42,969,455				2,514,403	22,609,608			
2.2. Reinsurance assumed .....	0									
2.3. Reinsurance ceded .....	221,251	221,251								
2.4. Net .....	67,872,215	42,748,204	0	0	0	2,514,403	22,609,608	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct .....	9,443,176	9,138,137				305,039				
3.2. Reinsurance assumed .....	0									
3.3. Reinsurance ceded .....	0									
3.4. Net .....	9,443,176	9,138,137	0	0	0	305,039	0	0	0	0
4. TOTALS:										
4.1. Direct .....	112,050,462	73,887,069	0	0	0	4,093,891	34,069,502	0	0	0
4.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded .....	221,251	221,251	0	0	0	0	0	0	0	0
4.4. Net .....	111,829,211	73,665,818	0	0	0	4,093,891	34,069,502	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	68,526,427	825,505,512	(2,494,733)	76,160,552	66,031,694	80,708,949
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan .....	7,204,178	96,611,624	(97,297)	4,191,188	7,106,881	4,908,063
6. Title XVIII - Medicare .....	24,082,027	411,889,010	(65,755)	34,135,257	24,016,272	38,864,489
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	99,812,632	1,334,006,146	(2,657,785)	114,486,997	97,154,847	124,481,501
10. Healthcare receivables (a).....		(1,527,119)		12,984,872	.0	12,193,101
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9-10+11+12)	99,812,632	1,335,533,265	(2,657,785)	101,502,125	97,154,847	112,288,400

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	56,816	56,093	56,093	56,093	56,093
2. 2011.....	1,024,574	1,099,773	1,099,505	1,099,505	1,099,505
3. 2012.....	XXX	1,069,918	1,147,449	1,147,125	1,147,125
4. 2013.....	XXX	XXX	1,039,109	1,125,961	1,125,554
5. 2014.....	XXX	XXX	XXX	909,257	978,190
6. 2015.....	XXX	XXX	XXX	XXX	833,294

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	70,433	60,087	56,093	56,093	56,093
2. 2011.....	1,116,333	1,107,023	1,104,647	1,099,505	1,099,505
3. 2012.....	XXX	1,175,783	1,149,943	1,147,760	1,147,125
4. 2013.....	XXX	XXX	1,140,647	1,126,937	1,126,137
5. 2014.....	XXX	XXX	XXX	988,355	975,112
6. 2015.....	XXX	XXX	XXX	XXX	909,455

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	1,207,138	1,099,505	16,283	1.5	1,115,788	92.4			1,115,788	92.4
2. 2012.....	1,282,653	1,147,125	17,968	1.6	1,165,093	90.8			1,165,093	90.8
3. 2013.....	1,273,986	1,125,554	16,690	1.5	1,142,245	89.7	583	7	1,142,835	89.7
4. 2014.....	1,135,645	978,190	14,580	1.5	992,770	87.4	(3,078)	(38)	989,654	87.1
5. 2015.....	1,012,028	833,294	12,827	1.5	846,121	83.6	76,161	954	923,236	91.2

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	4,094	4,036	4,036	4,036	4,036
2. 2011.....	88,685	94,243	94,220	94,220	94,220
3. 2012.....	XXX	94,310	100,784	100,748	100,748
4. 2013.....	XXX	XXX	102,744	112,335	112,292
5. 2014.....	XXX	XXX	XXX	108,266	115,512
6. 2015.....	XXX	XXX	XXX	XXX	96,612

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	4,698	4,342	4,036	4,036	4,036
2. 2011.....	93,201	94,476	94,641	94,220	94,220
3. 2012.....	XXX	99,799	100,707	100,818	100,748
4. 2013.....	XXX	XXX	107,833	112,342	112,354
5. 2014.....	XXX	XXX	XXX	113,096	115,353
6. 2015.....	XXX	XXX	XXX	XXX	100,803

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2011.....	101,999	94,220	990	1.1	95,209	93.3			95,209	93.3
2. 2012.....	113,652	100,748	1,141	1.1	101,889	89.6			101,889	89.6
3. 2013.....	114,315	112,292	1,191	1.1	113,483	99.3	62	1	113,545	99.3
4. 2014.....	123,437	115,512	1,202	1.0	116,714	94.6	(159)	(2)	116,553	94.4
5. 2015.....	108,394	96,612	1,058	1.1	97,670	90.1	4,191	53	101,914	94.0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	10,498	10,354	10,354	10,354	10,354
2. 2011.....	433,645	447,457	447,404	447,404	447,404
3. 2012.....	XXX	441,785	456,658	456,540	456,540
4. 2013.....	XXX	XXX	427,525	458,772	458,629
5. 2014.....	XXX	XXX	XXX	415,589	439,814
6. 2015.....	XXX	XXX	XXX	XXX	405,628

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	11,582	11,102	10,354	10,354	10,354
2. 2011.....	451,830	447,719	448,362	447,404	447,404
3. 2012.....	XXX	460,374	456,288	456,769	456,540
4. 2013.....	XXX	XXX	447,485	458,834	458,836
5. 2014.....	XXX	XXX	XXX	454,162	439,541
6. 2015.....	XXX	XXX	XXX	XXX	439,763

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	482,197	447,404	6,488	1.5	453,893	94.1			453,893	94.1
2. 2012.....	498,843	456,540	6,959	1.5	463,499	92.9			463,499	92.9
3. 2013.....	480,710	458,629	6,694	1.5	465,322	96.8	207	3	465,532	96.8
4. 2014.....	491,834	439,814	6,968	1.6	446,782	90.8	(273)	(4)	446,505	90.8
5. 2015.....	484,948	405,628	6,147	1.5	411,775	84.9	34,135	428	446,338	92.0

Pt 2C - Sn A - Paid Claims - XI

NONE

Pt 2C - Sn A - Paid Claims - OT

NONE



ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	71,408	70,483	70,483	70,483	70,483
2. 2011.....	1,546,904	1,641,473	1,641,129	1,641,129	1,641,129
3. 2012.....	XXX	1,606,013	1,704,891	1,704,412	1,704,412
4. 2013.....	XXX	XXX	1,569,378	1,697,067	1,696,475
5. 2014.....	XXX	XXX	XXX	1,433,112	1,533,516
6. 2015.....	XXX	XXX	XXX	XXX	1,335,533

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	86,713	75,531	70,483	70,483	70,483
2. 2011.....	1,661,365	1,649,218	1,647,650	1,641,129	1,641,129
3. 2012.....	XXX	1,735,956	1,706,938	1,705,347	1,704,412
4. 2013.....	XXX	XXX	1,695,964	1,698,113	1,697,327
5. 2014.....	XXX	XXX	XXX	1,555,612	1,530,007
6. 2015.....	XXX	XXX	XXX	XXX	1,450,020

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  (Col. 9/1) Percent
1. 2011.....	1,791,334	1,641,129	23,761	1.4	1,664,890	92.9	.0	.0	1,664,890	92.9
2. 2012.....	1,895,148	1,704,412	26,068	1.5	1,730,481	91.3	.0	.0	1,730,481	91.3
3. 2013.....	1,869,011	1,696,475	24,575	1.4	1,721,050	92.1	852	11	1,721,912	92.1
4. 2014.....	1,750,916	1,533,516	22,750	1.5	1,556,266	88.9	(3,510)	(44)	1,552,713	88.7
5. 2015.....	1,605,369	1,335,533	20,033	1.5	1,355,566	84.4	114,487	1,435	1,471,488	91.7

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - XI

NONE

Pt 2C - Sn B - Incurred Claims - OT

NONE

Part 2C - Sn C - Claims Expense Ratio MS

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

Part 2C - Sn C - Claims Expense Ratio XI

NONE

Part 2C - Sn C - Claims Expense Ratio OT

NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income).....	2,393,091	2,058,091					335,000		
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	2,393,091	2,058,091	.0	.0	.0	.0	335,000	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	2,393,091	2,058,091	0	0	0	0	335,000	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....	.0								
0502. ....	.0								
0503. ....	.0								
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....	.0								
1102. ....	.0								
1103. ....	.0								
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building) .....	73,711	34,814	2,249,908		2,358,433
2. Salaries, wages and other benefits .....	12,055,904	2,425,027	53,775,355		68,256,285
3. Commissions (less \$ .....ceded plus \$ .....assumed) .....			15,143,959		15,143,959
4. Legal fees and expenses .....			374,881		374,881
5. Certifications and accreditation fees .....					0
6. Auditing, actuarial and other consulting services .....	198,920		2,473,372		2,672,292
7. Traveling expenses .....	57,751	5,456	398,690		461,897
8. Marketing and advertising .....	109,172	3,136	10,495,664		10,607,972
9. Postage, express and telephone .....	5,209	65,210	3,663,044		3,733,463
10. Printing and office supplies .....	2,220		87,218		89,438
11. Occupancy, depreciation and amortization .....	21,499	55,486	325,776		402,761
12. Equipment .....			385,391		385,391
13. Cost or depreciation of EDP equipment and software .....	319,216	833,061	16,257,920		17,410,197
14. Outsourced services including EDP, claims, and other services .....	2,139,740	2,356,353	23,630,043		28,126,136
15. Boards, bureaus and association fees .....			83,524		83,524
16. Insurance, except on real estate .....	312		248,085		248,397
17. Collection and bank service charges .....			529,801		529,801
18. Group service and administration fees .....					0
19. Reimbursements by uninsured plans .....					0
20. Reimbursements from fiscal intermediaries .....					0
21. Real estate expenses .....			68,816		68,816
22. Real estate taxes .....			26,317		26,317
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes .....					0
23.2 State premium taxes .....					0
23.3 Regulatory authority licenses and fees .....	1,847	81	369,601		371,529
23.4 Payroll taxes .....	797,178	160,750	3,297,965		4,255,893
23.5 Other (excluding federal income and real estate taxes) .....			34,202,553		34,202,553
24. Investment expenses not included elsewhere .....					0
25. Aggregate write-ins for expenses .....	45,721	2,715	8,395,286	0	8,443,723
26. Total expenses incurred (Lines 1 to 25) .....	15,828,400	5,942,090	176,483,170	0 (a) .....	198,253,659
27. Less expenses unpaid December 31, current year .....		1,401,232	39,432,219		40,833,451
28. Add expenses unpaid December 31, prior year .....	0	1,567,312	48,572,557	0	50,139,869
29. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year .....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	15,828,400	6,108,169	185,623,508	0	207,560,077
DETAILS OF WRITE-INS					
2501. Miscellaneous .....	45,721	2,715	8,395,286		8,443,723
2502. ....					0
2503. ....					0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	45,721	2,715	8,395,286	0	8,443,723

(a) Includes management fees of \$ .....6,624,247 to affiliates and \$ .....to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....330,694	.....309,628
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a).....875,961	.....900,117
1.3	Bonds of affiliates .....	(a).....0	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....0	.....
2.11	Preferred stocks of affiliates .....	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....1,530,135	.....1,540,842
2.21	Common stocks of affiliates .....	.....16,000,000	.....16,000,000
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e).....40,527	.....40,030
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....3	.....3
9.	Aggregate write-ins for investment income .....	.....58,405	.....36,299
10.	Total gross investment income .....	18,835,724	18,826,919
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....1,236,343
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....1,236,343
17.	Net investment income (Line 10 minus Line 16) .....		17,590,576
DETAILS OF WRITE-INS			
0901.	Deferred Compensation.....	.....35,728	.....35,728
0902.	Rabbi Trust.....	.....340	.....340
0903.	PIMCO Unconstrained.....	.....22,337	.....231
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	58,405	36,299
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) .....		0

(a) Includes \$ .....80,788 accrual of discount less \$ .....598,908 amortization of premium and less \$ .....72,368 paid for accrued interest on purchases.  
(b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ .....0 paid for accrued dividends on purchases.  
(c) Includes \$ .....0 accrual of discount less \$ .....0 amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
(e) Includes \$ .....4 accrual of discount less \$ .....3,683 amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
(g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
(i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	(3,385)		(3,385)		
1.1	Bonds exempt from U.S. tax .....			0		
1.2	Other bonds (unaffiliated) .....	(88,076)		(88,076)	(38,285)	
1.3	Bonds of affiliates .....	0	0	0	0	0
2.1	Preferred stocks (unaffiliated) .....	0	0	0	0	0
2.11	Preferred stocks of affiliates .....	0	0	0	0	0
2.2	Common stocks (unaffiliated) .....	758	0	758	(1,230,655)	0
2.21	Common stocks of affiliates .....	0	(36,869,091)	(36,869,091)	8,040,994	0
3.	Mortgage loans .....	0	0	0	0	0
4.	Real estate .....	(62,401)	0	(62,401)		0
5.	Contract loans .....	0		0		
6.	Cash, cash equivalents and short-term investments .....	(2)		(2)	0	0
7.	Derivative instruments .....			0		
8.	Other invested assets .....	0	0	0	(110,832)	0
9.	Aggregate write-ins for capital gains (losses) .....	197,455	0	197,455	(62,438)	0
10.	Total capital gains (losses) .....	44,350	(36,869,091)	(36,824,741)	6,598,784	0
DETAILS OF WRITE-INS						
0901.	Rabbi Trust and Deferred Compensation.....	15,747		15,747	(62,438)	
0902.	JP Morgan Core Bond Trust.....	49,702		49,702		
0903.	Blackrock Strategic Income Opportunities.....	132,006		132,006		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	197,455	0	197,455	(62,438)	0



EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	30,788,368	30,788,368
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	8,286,567	8,649,778	363,211
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	8,286,567	39,438,146	31,151,578
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued .....	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software.....	76,188,005	77,385,238	1,197,233
21. Furniture and equipment, including health care delivery assets.....	5,763,874	5,838,614	74,740
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable.....	2,266,207	2,065,025	(201,182)
25. Aggregate write-ins for other-than-invested assets .....	4,567,255	3,295,318	(1,271,938)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	97,071,909	128,022,340	30,950,431
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	97,071,909	128,022,340	30,950,431
DETAILS OF WRITE-INS			
1101. ....		0	0
1102. ....		0	0
1103. ....		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Expense.....	4,567,255	3,295,318	(1,271,938)
2502. ....		0	0
2503. ....		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,567,255	3,295,318	(1,271,938)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	271,908	264,896	261,002	257,390	255,876	3,123,862
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	271,908	264,896	261,002	257,390	255,876	3,123,862
DETAILS OF WRITE-INS						
0601. ....	.0					
0602. ....	.0					
0603. ....	.0					
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices - The accompanying financial statements of Health Alliance Plan of Michigan (the Corporation) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Corporation’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan are shown below:

	<u>State of Domicile</u>	<u>2015</u>	<u>2014</u>
<u>NET INCOME</u>			
(1) HAP state basis (Page 4, Line 32, Columns 2 & 3)	Michigan	(\$33,051,000)	(\$4,997,000)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(3) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(4) NAIC SAP (1-2-3=4)	Michigan	<u>(\$33,051,000)</u>	<u>(\$4,997,000)</u>
<u>SURPLUS</u>			
(5) HAP state basis (Page 3, Line 33, Columns 3 & 4)	Michigan	\$212,255,000	\$208,262,000
(6) State Prescribed Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(7) State Permitted Practices that increase/(decrease) NAIC SAP: NONE	Michigan		
(8) NAIC SAP (5-6-7=8)	Michigan	<u>\$212,255,000</u>	<u>\$208,262,000</u>

B. Use of Estimates in the Preparation of the Financial Statements - The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements. Estimates also affect the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

C. Accounting Policy - Subscriptions revenue received in advance of the respective period of coverage is credited to income ratably over the period of coverage. Health policy claims consists of unpaid medical claims and other obligations resulting from the provision of health care services. It includes claims reported as of the balance sheet date and estimates, based on historical claims experience, for claims incurred but not reported.

In addition, the Corporation uses the following accounting policies:

- (1) Short-term investments are stated either at market value or at amortized cost based on the underlying security.
- (2) Bonds not backed by other loans - are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security.
- (3) Common stocks are carried at market except for investments in stocks of uncombined subsidiaries and affiliates in which the Corporation has an interest of 20% or more are carried on the equity basis.
- (4) Preferred Stocks - NOT APPLICABLE.
- (5) Mortgage Loans - NOT APPLICABLE.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

- (6) Loan-Backed Securities - loan backed securities are stated at amortized cost or the lower of amortized cost or fair value based on the NAIC designation of the underlying security unless prescribed otherwise by the NAIC. The retrospective method is used to value all securities. Amortized cost is determined utilizing the scientific interest method.
- (7) The Corporation's subsidiaries are included in the statements of admitted assets, liabilities, and capital and surplus based upon the audited statutory equity or the audited U.S. GAAP equity of the related subsidiary. The Corporation's proportionate share of undistributed earnings is included in unrealized gains and losses. In accordance with SSAP No. 68, Business Combinations and Goodwill, the Corporation reports its investments in subsidiaries inclusive of goodwill. Goodwill in excess of 10% of the Corporation's adjusted capital and surplus is nonadmitted.
- (8) The Corporation has a minor ownership interest in a limited liability limited term high yield fund. The Corporation carries this investment based on the underlying audited GAAP equity of the fund and reports the increase or decrease in the investments in unrealized gains and losses.
- (9) The Corporation does not currently have any holdings in derivatives.
- (10) The Corporation anticipates investment income as a factor in the premium deficiency calculation in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts. As of December 31, 2014, the Corporation is not required to report a premium deficiency reserve.
- (11) The Corporation's method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Corporation has not modified its capitalization policy from the prior year.
- (13) The Corporation's pharmaceutical rebate receivables are calculated using historical rebate trends and membership.

**D. Going Concern**

Management does not consider there to be any present conditions or events that would raise substantial doubt about the Corporation's ability to continue as a going concern.

**2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

Material changes in accounting principles and/or correction of errors – NOT APPLICABLE.

**3. BUSINESS COMBINATIONS AND GOODWILL**

**A. Statutory Purchase Method**

The Corporation acquired a 100% interest in Midwest Health Plan (MHP) on November 1, 2011. MHP is a health maintenance organization serving Medicaid and Medicare enrollees in Southeast Michigan. The Corporation accounted for the acquisition using the statutory- purchase method as defined in SSAP No. 68, Business Combinations and Goodwill. The initial investment in MHP was \$79.6 million. The acquisition resulted in goodwill of \$60.5 million which will be amortized over 10 years. The Corporation recognized goodwill amortization of \$5,693,000 and \$6,210,000 for the years ended December 31, 2015 and 2014, respectively, in net unrealized capital gains and losses.

In the year ended December 31, 2012, the Corporation recorded an additional purchase price adjustment of \$1,567,000 related to the MHP acquisition. This resulted from a true-up of certain balance sheet contingencies in the Purchase Agreement.

The Corporation acquired 67% ownership in Administration Systems Research Corporation (ASR) on June 17, 2011. ASR is a third party administrator (TPA). The Corporation accounted for the acquisition using the statutory-purchase method as defined in SSAP No. 68, Business Combinations and Goodwill. The initial investment in ASR was \$11,800,000. The acquisition resulted in goodwill of \$11,518,000, which will be amortized over 10 years. The Corporation recognized goodwill amortization of \$1,226,000 and \$1,226,000 for the years ended December 31, 2015 and 2014, respectively, in net unrealized capital gains and losses.

**B. Statutory Merger - NOT APPLICABLE.**

**C. Assumption Reinsurance - NOT APPLICABLE.**

**D. Impairment Loss**

The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. This evaluation is based on the projected, undiscounted cash flows generated by the related assets. Impairment indicators for HAP Midwest were noted and impairment adjustments were required as of December 31, 2015 as noted below.

During 2015, the Corporation was notified by the State of Michigan that effective January 1, 2016 its subsidiary, HAP Midwest, would no longer be a participating Medicaid plan for two key regions, 9 and 10, that reflect the vast majority of HAP Midwest membership. The carrying value of goodwill related to HAP Midwest were evaluated for impairment resulting in an impairment charge of \$34,130,000.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**4. DISCONTINUED OPERATIONS**

The Corporation has no discontinued operations to report.

**5. INVESTMENTS**

A. Mortgage Loans, including Mezzanine Real Estate Loans - NOT APPLICABLE.

B. Debt Restructuring - NOT APPLICABLE.

C. Reverse Mortgages - NOT APPLICABLE.

D. Loan-Backed Securities

(1) Sources used to determine prepayment assumptions:

Prepayment assumptions for loan-backed and asset backed securities are obtained from broker-dealer survey values or internal estimates. A change from the retrospective to the prospective method has not been made.

(2) - (3) Loan-backed securities with a recognized other-than-temporary impairment:

The Corporation has not deemed it necessary to recognize any other than temporary impairments in its earnings as a realized loss in relation to its loan-backed securities.

(4) Loan-backed securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

a. The aggregate amount of unrealized losses:

- 1. Less than 12 months \$311,000.
- 2. 12 Months or longer \$77,000.

b. The aggregate related fair value of securities with unrealized losses:

- 1. Less than 12 months \$36,266,000.
- 2. 12 Months or longer \$ 3,240,000.

(5) In considering whether an investment is other-than-temporarily impaired, management considers its ability and intent to hold the investment, the severity of the decline in fair value and the duration of the impairment, among other factors. Management has determined that it has the ability and intent to hold indefinitely its investment in its loan-backed securities and that the severity and duration of any impairment is insufficient to indicate an other- than-temporary impairment.

E. Repurchase Agreements and/or Securities Lending Transactions – NOT APPLICABLE

F. Real Estate - the Corporation has not recognized an impairment loss on its investments in real estate and has not sold or classified real estate investments as held for sale.

G. Investments in Low-Income Housing Tax Credits - NOT APPLICABLE.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock						
i. FHLB capital stock						
j. On deposit with states	\$1,000,000	\$1,000,000		\$1,000,000	0.2%	0.2%
k. On deposit with other regulatory bodies						
l. Pledged as collateral to FHLB (including assets backing funding agreements						
m. Pledged as collateral not captured in other categories						
n. Other restricted assets	\$12,000,000	\$12,000,000		\$12,000,000	2.2%	2.7%
o. Total Restricted Assets	\$13,000,000	\$13,000,000		\$13,000,000	2.4%	2.9%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – NOT APPLICABLE

(3) Detail of Other Restricted Assets

	1	2	3	4	5	6
Description of Assets	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Stop Loss Out-of-Network Reserve	\$12,000,000	\$12,000,000		\$12,000,000	2.2%	2.7%
Total	\$12,000,000	\$12,000,000		\$12,000,000	2.2%	2.7%

I. Working Capital Finance Investments – NOT APPLICABLE

J. Offsetting and Netting of Assets and Liabilities – NOT APPLICABLE

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

K. Structured Notes

CUSIP				Mortgage- Referenced Security
Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	(YES/NO)
62718QAA3	\$303,588	\$292,604	\$292,957	No
925369AA8	110,159	111,126	109,201	No
Total	\$413,747	\$403,730	\$402,158	XXX

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. The Corporation has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Corporation did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Corporation had no excluded investment income.

8. DERIVATIVE INSTRUMENTS

The Corporation has no holdings in derivative instruments.

9. INCOME TAXES

The Corporation is an entity described under Internal Revenue Code Section 501(c) (4) and as such is exempt from federal income taxes. The Corporation does not have any material uncertain tax positions as of December 31, 2015 and 2014.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AFFILIATES AND OTHER RELATED PARTIES

- A. The Corporation has four wholly owned subsidiaries, HAP Preferred, Inc. (HPI), Alliance Health and Life Insurance Company (AHLIC), HAP Midwest Health Plan, Inc. (HMWHP), HAP Community Alliance, and a majority ownership interest in Administration Systems Research Corporation (ASR). The Corporation is a subsidiary of Henry Ford Health System (HFHS).
- B. The Corporation has management agreements with HPI and AHLIC in which it provides various administrative and support services. The Corporation also provides claims processing and premium billing and collection services for AHLIC. HPI provides care and utilization management services to the Corporation's members.
- C. The Corporation received subscription revenue from related parties totaling approximately \$5,954,000 and \$92,005,000 in 2015 and 2014, respectively. The Corporation purchased healthcare and administrative services from related parties totaling approximately \$478,706,000 and \$507,548,000 in 2015 and 2014, respectively. The Corporation received a dividend from HAP Midwest Health Plan, Inc. on December 7, 2015, in the amount of \$10,000,000 and HAP Preferred, Inc on September 30, 2015 in the amount of \$6,000,000.
- D. The Corporation has included in the balance sheet accounts the receivables and payables associated with subscription revenue received from related parties and health care services purchased from related parties. The Corporation has intercompany receivables of \$564,000, \$6,845,000, \$857,000 and \$38,000 from HPI, AHLIC, MWHP and ASR respectively and intercompany payables of \$77,000, \$2,624,000 and \$547,000 due to HPI, HFHS and AHLIC, respectively. The terms of the settlement require that these amounts are settled within 15 days.
- E. As a member of the Henry Ford Health System Obligated Group (the Obligated Group), the Corporation is jointly and severally liable with the other members of the Obligated Group for outstanding obligations issued under the master indenture. The Obligated Group has no guarantees outstanding for the indebtedness of other entities.
- F. The Corporation has management agreements with HPI, AHLIC, HMWHP and ASR. Under the terms of the agreement, the Corporation provides various administrative support and services. Services provided by the Corporation to AHLIC, MWHP, ASR and HPI totaled approximately \$58,103,000 and \$44,338,000 in 2015 and 2014, respectively. Included in the statement of admitted assets, liabilities and capital and surplus are receivables associated with healthcare services purchased from related parties totaling approximately \$1,600,000 and \$0 in 2015 and 2014, respectively.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

G. Common Ownership or Control - The Corporation and its subsidiaries and affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.

H. Ownership in an Upstream Affiliate or Parent - NOT APPLICABLE.

I. Investments in SCA Entities Exceeding 10% of Admitted Assets

The Corporation owns a 100.0% interest in its wholly-owned subsidiary, HAP Midwest Health Plan, Inc.(HMWHP). The carrying value of the investment in HMWHP exceeded 10% of the Corporation's admitted assets as of December 31, 2015. The Corporation carries HMWHP at statutory equity plus the remaining goodwill balance of \$2,739,000. Goodwill is amortized on a straight-line basis over a ten year period. HMWHP's financial statement information as of December 31, 2015 included total assets of \$180,625,000, total liabilities of \$123,263,000 and net income of \$27,483,000 recorded in net unrealized capital gains and losses.

J. Investments in Impaired SCA Entities

The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. This evaluation is based on the projected, undiscounted cash flows generated by the related assets. Impairment indicators for HAP Midwest were noted and impairment adjustments were required as of December 31, 2015 as noted below.

During 2015, the Corporation was notified by the State of Michigan that effective January 1, 2016 its subsidiary, HAP Midwest, would no longer be a participating Medicaid plan for two key regions, 9 and 10, that reflect the vast majority of HAP Midwest membership. The carrying value of goodwill related to HAP Midwest were evaluated for impairment resulting in an impairment charge of \$34,130,000.

K. Investments in Foreign Insurance Subsidiaries - NOT APPLICABLE.

L. Investment in Downstream Noninsurance Holding Company - NOT APPLICABLE.

M. Investments in Non-Insurance Subsidiaries, Controlled and Affiliated Entities

The Corporation reported on its balance sheet for its non-insurance SCA entities an aggregate total of \$17,572,000 for admitted values. There were no non-admitted values. Details regarding the aggregate values include \$15,298,000 of admitted values for Administration Systems Research Corporation (ASR) and \$2,274,000 of admitted values for HAP Preferred, Inc. (HPI).

SUB 2 – forms were filed on behalf of ASR and HPI on June 30, 2015 for amounts reported in the Corporation's 2014 Annual Statement. ASR's valuation was confirmed in the amount of \$7,510,000 and HPI's valuation was confirmed in the amount of \$7,421,000. Resubmission of the SUB 2 – form filing was not required of ASR or HPI by the NAIC's SVO SCA Companies Group.

N. Investments in Insurance SCAs with Prescribed and Permitted Practices – NOT APPLICABLE.

**11. DEBT**

A. Debt, including Capital Notes and Reverse Repurchase Agreements

The Corporation has a Promissory Note outstanding in the amount of \$29 million due to Henry Ford Health System, its Parent Company. The Promissory Note was issued December 1, 2011 with principal and interest payments due monthly through November 1, 2021. Interest accrues at LIBOR plus 65 basis points. Early repayment may be made at the option of the Corporation.

The Corporation has no reverse repurchase agreements outstanding.

B. FHLB (Federal Home Loan Bank) Agreements - NOT APPLICABLE.

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT PLANS**

A. The Corporation has a noncontributory defined-benefit pension plan (the "Plan") covering substantially all of its employees. The benefits are based on years of service and final average earnings of each participating employee. The Corporation's funding policy is to fund an amount based on the recommendation of consulting actuaries that is in compliance with the requirements of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Effective December 31, 2011, the Corporation permanently froze the final average pay defined-benefit formula for all nonrepresented participants. Effective January 1, 2012, the Corporation instituted a cash balance defined-benefit formula for all nonrepresented participants and also for participants represented by United Automobile Workers (UAW) Local Union 600 Office/Non-Exempt Bargaining hired on or after January 1, 2012, and for participants represented by UAW Local Union Sale and Labor



**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

participants hired on or after April 1, 2012.

The Corporation also has a non-qualified Supplemental Executive Retirement Plan covering certain key executives.

The Corporation provides postretirement healthcare benefits to employees who meet minimum age and years of service requirements. Benefits to employees may require employee contributions or be provided in the form of a fixed dollar subsidy.

A summary of the changes in benefit obligations for the Pension and Other Postretirement Benefit Plans at December 31, 2015 and 2014 are as follows (dollars in thousands):

(1) Change in benefit obligation

a. Pension Benefits

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year			\$95,834	\$86,043
2. Service cost			3,439	4,288
3. Interest cost			3,616	3,846
4. Contribution by plan participants	N/A	N/A		
5. Actuarial gain (loss)			(4,494)	11,405
6. Foreign currency exchange rate changes				
7. Benefits paid			(4,642)	(8,508)
8. Plan amendments				(633)
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other			(808)	(607)
10. Benefit Obligation at end of year			\$92,945	\$95,834

b. Postretirement Benefits

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year			\$1,840	\$1,415
2. Service cost			47	45
3. Interest cost			70	65
4. Contribution by employer			(27)	(68)
5. Actuarial gain (loss)	N/A	N/A	(351)	372
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other			13	11
10. Benefit Obligation at end of year			\$1,592	\$1,840

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

c. Special or Contractual Benefits Per SSAP No. 11

	Overfunded		Underfunded	
	2015	2014	2015	2014
1. Benefit obligation at beginning of year				
2. Service cost				
3. Interest cost				
4. Contribution by plan participants				
5. Actuarial gain (loss)	N/A	N/A	N/A	N/A
6. Foreign currency exchange rate changes				
7. Benefits paid				
8. Plan amendments				
9. Business combinations, divestitures, curtailments, settlements and special termination benefits				
Other				
10. Benefit Obligation at end of year				

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Spec or Contract Bens per SSAP 11	
	2015	2014	2015	2014	2015	2014
a. Fair Value of plan assets at beg of year	\$66,593	\$63,368				
b. Actual return on plan assets	(2,345)	2,012				
c. Foreign curr exchange rate changes						
d. Reporting entity contribution	5,255	10,328	27	68	N/A	N/A
e. Plan participants' contributions						
f. Benefits paid	(4,642)	(8,508)	(27)	(68)		
g. Business combinations, divestitures, and settlements						
Other	(808)	(607)				
h. Fair value of plan assets at end of year	\$64,053	\$66,593	\$0	\$0		

(3) Funded Status

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	N/A	N/A	N/A	N/A
2. Overfunded plan assets				
3. Total assets (nonadmitted)				

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

Underfunded:

b. Liabilities recognized				
1. Accrued benefit costs	\$0	\$198	\$1,676	\$1,474
2. Liability for pension benefits	28,892	29,043	(84)	366
3. Total liabilities recognized	\$28,892	\$29,241	\$1,592	\$1,840
c. Unrecognized liabilities	\$0	\$0	\$0	\$0

(4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Bens per SSAP 11	
	2015	2014	2015	2014	2015	2014
a. Service cost	\$3,439	\$4,288	\$47	\$46		
b. Interest cost	3,616	3,846	70	65		
c. Expected return on plan assets	(4,910)	(4,699)				
d. Transition asset or obligation	603	603	(14)	(14)	N/A	N/A
e. Gains and losses	2,561	1,279	68			
f. Prior service cost or credit	(1,358)	(956)	44	43		
g. Gain or loss recognized due to a settlement or curtailment		(38)				
h. Total net periodic benefit cost	\$3,951	\$4,323	\$215	\$140		

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Items not yet recognized as a component of net periodic cost-prior year	\$29,102	\$16,530	\$366	\$24
b. Net trans asset or obligation recognized	(603)	(603)	14	14
c. Net prior service cost or credit arising during the period		(633)		
d. Net prior service cost or credit recog	1,358	956	(44)	(44)
e. Net gains/loss arising during the period	2,761	14,092	(352)	372
f. Net gain and loss recognized	(2,561)	(1,278)	(68)	
Other		38		
g. Items not yet recog as a component	\$30,057	\$29,102	(\$84)	\$366

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
a. Net transition asset or obligation	\$603	\$603	(\$14)	(\$14)
b. Net prior service cost or credit	(1,358)	(1,358)	41	44
c. Net recognized gains and losses	2,407	2,404		68

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	<u>Pension Benefits</u>		<u>Postretirement Benefits</u>	
	2015	2014	2015	2014
a. Net transition asset or obligation	\$4,673	\$5,275	(\$108)	(\$122)
b. Net prior service cost or credit	(7,610)	(8,968)	41	85
c. Net recognized gains and losses	32,994	32,795	(17)	403

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31:

	2015	2014
a. Weighted-average discount rate	3.90%	4.70%
b. Expected long-term rate of return on plan assets	7.50%	7.50%
c. Rate of compensation increase	Age-related Salary Scale	Age-related Salary Scale

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

	2015	2014
d. Weighted-average discount rate	4.35%	3.90%
e. Rate of compensation increase	Age-related Salary Scale	Age-related Salary Scale

For measurement purposes, various annual rates of increase in the per capita cost of covered health care benefits was assumed for 2015. The rate was assumed to decrease gradually to 5% percent for 2016 and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for the defined benefit plan was \$89,036,000 for the current and \$90,886,000 for the prior year.

(10) The Corporation also provides postretirement health care benefits to employees who meet minimum age and years of service requirements. Benefits to eligible employees may require employee contributions or may be provided in the form of a fixed dollar subsidy.

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$0.116	\$0.115
b. Effect on postretirement benefit obligation	\$1.839	\$1.572

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

- (12) The following benefit payments, which reflect expected future service, as appropriate, are expected be paid in the years indicated:

	<b>Pension Benefits</b>	<b>Post- retirement Benefits</b>	<b>Annual Subsidy</b>
2016	\$7,551,094	\$81,864	\$21,308
2017	7,552,863	83,924	23,746
2018	6,697,112	84,554	26,393
2019	8,045,790	86,832	29,255
2020	7,125,880	116,561	1,571
Years 2021 through 2025	36,137,384	616,838	6,108

- (13) The Corporation is expected to make a contribution to the Plan during 2016 in the amount of \$7,126,000 The Corporation is expected to make a \$81,864 contribution to the postretirement health care plan in 2016.
- (14) There are no securities of the Corporation and related parties included in plan assets, no future benefits of plan participants are covered by insurance contracts issued by the Corporation or its related parties and there are no significant transactions between the Corporation or its related parties and the plan during the period other than those previously disclosed.
- (15) Alternative methods used to amortize prior service amounts or net gains and losses – NOT APPLICABLE.
- (16) Substantive commitments used as the basis for accounting for the benefit obligation – NOT APPLICABLE.
- (17) The cost of providing special or contractual termination benefits recognized during the period - NOT APPLICABLE.
- (18) Any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by SSAP No. 102, Accounting for Pensions, A Replacement of SSAP No. 89 and SSAP No. 92, Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14- NOT APPLICABLE.
- (19) Plan assets expected to be returned to the Corporation - NOT APPLICABLE.
- (20) The accumulated postretirement and pension benefit obligation as of December 31, 2015 is \$90,628,000. The fair value of HAP’s plan assets for defined postretirement and pension benefits is \$64,053,000. HAP’s postretirement benefit plans are currently in an underfunded status. The impact on HAP’s surplus necessary to reflect the full benefit obligation is \$29,974,000.
- (21) The Corporation adopted SSAP Nos. 92 and 102 effective January 1, 2013 which allowed a transition option for phase-in not to exceed 10 years. The remaining transition balance for postretirement as of December 31, 2013 was \$0. The funded status of the Plan was fully recognized at December 31, 2015.
- B. The Corporation invests the majority of the assets of the Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The percentage of the fair value of total plan assets held as of December 31, the measurement date, is shown below (amounts are in percentages).

	<b>2015</b>	<b>2014</b>	<b>Target</b>
Cash and cash equivalents	2	1	2-3
Global asset allocation	27	22	27-28
Stock and stock funds	48	40	48-49
Bond and bond funds	19	35	19-20
Other	4	2	4-5
Total	100	100	

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering both historical experience and the current economic environment. The expected returns of various asset categories are blended to derive one long-term assumption.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

C. Fair value of Plan Assets

(1) Fair Value Measurements of Plan Assets at Reporting Date

<u>Description for each class of plan assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Cash equivalents	793			793
Debt securities:				
Asset-backed securities		254		254
Corporate debt securities		585		585
Government and agency debt securities		391		391
Non-agency mortgage-backed securities		167		167
Other debt securities		53		53
Equity securities:				
Collective funds-asset allocation	12,061	2,113		14,174
Collective funds-common stock	6,286	16,889		23,175
Collective funds-debt securities	8,661	13,343		22,004
Hedge funds and private equities			1,412	1,412
Common stock	3,897			3,897
Total Plan Assets	31,698	33,795	1,412	66,905

(2) Fair Value of Plan Assets Using Significant Unobservable Inputs (Level 3)

Descrip for each class of plan assets	Beg Bal <u>1/1/15</u>	Transfers into <u>Level 3</u>	Transfers out of <u>Level 3</u>	Ret on Assets <u>Held</u>	Ret on Assets <u>Sold</u>		Gains or <u>Losses</u>	<u>Sales</u>	<u>Settlement</u>	End Bal <u>12/31/15</u>
Priv equities	1,645					148	218		(599)	1,412
Plan Assets	1,645					148	218		(599)	1,412

(3) The estimated fair values of investments in hedge funds and private equities are based on the most current financial statements issued by each fund adjusted for cash flows to and from the fund subsequent to the financial statement reporting date.

D. Basis Used to Determine the Overall Expected Long-Term Rate-of-Return-on-Assets Assumption

The expected long-term rate of return on plan assets is established based on management’s expectations of asset returns for the investment mix in the plans considering historical experience, current economic environment, and forecasted risk/reward assumptions. The expected returns of various asset categories are blended to derive one long-term assumption.

E. Defined Contribution Plan

The Corporation maintains a 401(k) plan for the employees of the Corporation. The plan is a defined contribution plan and all employees become eligible to participate after completion of age and service requirements. Under the Plan, a participant may annually contribute an amount not to exceed the contribution limits established by the Internal Revenue Code.

The Corporation enhanced the 401(k) matching contribution as a result of the changes to the defined benefit pension plan. Effective January 1, 2012, the Corporation, at its discretion, can make a matching contribution equal to 100% of the first 1% and 50% of the next 5% of the employee’s elective deferral (3.5% maximum match). For years prior to 2012, the matching contribution was equal to 50% of the of the employee’s elective deferral up to 6% of compensation (3.0% maximum match). The expense was approximately \$2,001,000 and \$1,805,000 in 2015 and 2014 respectively.

F. Multi-employer Plans - NOT APPLICABLE.

G. Consolidated/Holding Company Plans - NOT APPLICABLE.

H. Postemployment Benefits and Compensated Absences - NOT APPLICABLE.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - NOT APPLICABLE.

**13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS.**

(1) Capital Stock - NOT APPLICABLE.

(2) Preferred Stock - NOT APPLICABLE.

(3) Dividend Restrictions – the maximum amount of dividends that may be paid by the Corporation without approval from the Department of Insurance and Financial Services is limited to the greater of 10% of capital and surplus or net income for the previous year.

(4) The Corporation has not paid a dividend in 2015.

(5) Dividend Restrictions Based on Profits - Notwithstanding the restrictions of (3) above, there are no restrictions placed on the amount of profits that may be paid out as ordinary dividends.

(6) Restrictions on Unassigned Funds (Surplus) - NOT APPLICABLE.

(7) Advances to Surplus not Repaid - NOT APPLICABLE.

(8) Stock Held for Special Purposes - NOT APPLICABLE.

(9) Changes in balances of special surplus funds from the prior year are due to amounts related to the annual fee under section 9010 of the Affordable Care Act (ACA)..

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$40,231,000.

(11) Surplus Notes - NOT APPLICABLE.

(12) Impact of a Restatement Due to a Quasi-Reorganization - NOT APPLICABLE.

(13) The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years - NOT APPLICABLE.

**14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS**

**A. Contingent Commitments**

The Corporation has no commitments or contingent commitments to Subsidiaries, Controlled or Affiliated entities to report.

**B. Assessments**

Under the Michigan Health Insurance Claims Assessment Act, the Corporation incurs an assessment on certain health care claims. The Corporation bears the ultimate responsibility of the assessment and therefore records the tax under the gross method. The taxes collected and paid are recorded in premium revenues and general and administrative expense, respectively. A liability is reflected in general expenses due or accrued in the amount of \$2,457,000 as of December 31, 2015.

The Affordable Care Act imposes a fee on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The liability for this fee is reflected in general expenses due and accrued in the amount of \$470,000 as of December 31, 2015.

**C. Gain Contingencies - NOT APPLICABLE.**

**D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits - NOT APPLICABLE.**

**E. Joint and Several Liabilities**

The Corporation is a member of the Henry Ford Health System Obligated Group (the Obligated Group). Members of the Obligated Group are jointly and severally liable for outstanding obligations issued under the master indenture which having a carrying value of \$857,182,000 as of December 31, 2015.

Based on SSAP No. 5R, Liabilities, Contingencies, and Impairments of Assets, the Corporation has determined that any liabilities as a member of the Obligated Group would be immaterial. The Parent company is current in all payments of principal and interest and the Parent's consolidated external credit rating is an A3 from Moody's as of December 31, 2015 and 2014.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

F. All Other Contingencies - The Corporation is party to lawsuits incident to its operations. Management believes that the ultimate disposition of such contingencies will not have a material effect on the accompanying financial statements.

***Risk Adjustment Data Validation Audits (“RADV audits”).*** CMS adjusts capitation payments to Medicare Advantage and Medicare Part D plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted by the Company and member demographic information.

CMS performs RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. To date, the Company has not been selected for audit by CMS. Payment years open for audit include 2011 and forward.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the “error rate” identified in audit samples. CMS also indicated that it anticipated the final methodology would be issued in the near future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the Company’s results of operations, financial position and cash flows.

At December 31, 2015 and December 31, 2014 the Corporation had admitted assets of \$26,424,000 and \$35,847,000, respectively, in Uncollected Premiums. The Corporation routinely assesses the collectability of these receivables. Based upon the Corporation's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Corporation's financial condition.

As a plan sponsor, the Corporation has a receivable in the amount of \$6,510,000 from CMS related to Medicare Part D prescription drug insurance coverage. The Corporation receives subsidy amounts for reinsurance and for cost sharing related to low-income individuals. The Corporation has no receivables for retrospectively rated contracts.

The Corporation estimates reinsurance recoverable related to the risk sharing provisions of the Affordable Care Act. A recoverable has been estimated in the amount of \$3,497,000.

**15. LEASES**

A. Lessee Operating Lease

(1)

a. The Corporation leases office facilities and equipment under various noncancelable operating lease agreements that expire through December 2024. Rental expense for 2015 and 2014 was approximately \$2,606,000 and \$2,292,000, respectively.

b. Certain rental commitments have renewal options extending through the year 2015. Some of these renewals are subject to adjustments in future periods.

(2) At January 1, 2016, the minimum aggregate rental commitments are as follows:

Year Ending December 31:

1. 2016	\$2,136,000
2. 2017	2,184,000
3. 2018	2,209,000
4. 2019	2,191,000
5. 2020	<u>60,000</u>
6. Total	<u>\$ 8,780,000</u>

The total rental expense for all operating leases, except those with terms of a month or less amounted to \$2,606,000 and \$2,292,000 for the years ended December 31, 2015 and 2014, respectively. A portion of the annual rent expense is allocated to an affiliated subsidiary each year.

(3) Material Sales - Leaseback Transactions - NOT APPLICABLE.

B. Lessor Leases - NOT APPLICABLE.

C. Leveraged Leases - NOT APPLICABLE.

**16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK**

The Corporation has no holdings in derivative financial instruments.



**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

- A. Transfers of Receivables Reported as Sales - NOT APPLICABLE.
- B. Transfer and Servicing of Financial Assets - NOT APPLICABLE.
- C. Wash Sales - NOT APPLICABLE.

**18. GAIN OR LOSS TO THE ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

- A. ASO Plans - NOT APPLICABLE.
- B. ASC Plans - NOT APPLICABLE.
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts
  - (1) Revenue from the Corporation's Medicare Part D cost based reimbursement portion of its CMS contract consisted of \$15,321,000 and \$10,854,000 for the reinsurance subsidy and \$3,438,000 and \$3,259,000 for the low-income cost sharing subsidy for the years 2015 and 2014, respectively.
  - (2) As of December 31, 2015 and 2014, respectively, the Corporation had recorded receivables from the following payors whose balances are greater than 10% of the Corporation's amounts receivable from uninsured accident and health plans or \$10,000:

	<u>2015</u>	<u>2014</u>
Centers for Medicare and Medicaid Services (CMS)	\$6,510,000	\$5,920,000
(3) Allowances and Reserves for Adjustment of Recorded Revenues - NOT APPLICABLE.		

- (4) The Corporation has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period.

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

NOT APPLICABLE.

**20. FAIR VALUE MEASUREMENT**

**A.**

(1) Fair Value Measurements at Reporting Date

Description	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at Fair Value				
Bonds:				
U.S. Governments	\$104,873,000			\$104,873,000
Industrial and Misc.	30,129,000	349,000		30,478,000
Total Bonds	<u>135,002,000</u>	<u>349,000</u>		<u>135,351,000</u>
Common Stock:				
Industrial and Misc.		\$68,984,000		68,984,000
Other Equity Securities	1,490,000			1,490,000
Total Common Stocks	<u>1,490,000</u>	<u>68,984,000</u>		<u>70,474,000</u>
Total Assets at Fair Value	<u>\$136,492,000</u>	<u>\$69,333,000</u>		<u>\$205,825,000</u>

- (2) The Corporation's policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The Corporation had no transfers between levels.
- (3) The Corporation has no fair value measurements categorized within Level 3 of the fair value hierarchy.
- (4) The fair value measurements categorized within Level 2 of the fair value hierarchy reported by the Corporation are obtained primarily from independent pricing services using quoted market prices from published sources. Mortgage backed securities are submitted to the NAIC's Securities Valuation Office for valuation.
- (5) Derivative assets and liabilities – NOT APPLICABLE.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

B. Fair value information and information about other similar measurements disclosed under other accounting pronouncements combined with disclosures under SSAP No. 100, Fair Value Measurements - NOT APPLICABLE.

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/ Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carrying Value
Bonds	197,618,000	197,606,000	135,002,000	62,616,000		
Common Stock	70,474,000	70,474,000	1,490,000	68,984,000		

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable - NOT APPLICABLE.

21. OTHER ITEMS

A. Unusual or Infrequent Items - NOT APPLICABLE.

B. Troubled Debt Restructuring - NOT APPLICABLE.

C. Other Disclosures

**Statutory Reserve:** As a condition of licensure with the State of Michigan, the Corporation maintains a deposit of \$1,000,000 in a segregated account. These funds can only be used by the Corporation at the direction of the Insurance Commissioner of the State of Michigan. These funds are invested in a money market fund (stated at fair value). Interest on these funds accrues to the Corporation.

**Stop Loss/Out-of-Network Reserve:** During 2003, the Corporation established a trust in the amount of \$12,000,000 for the sole benefit of subscribers and enrollees, to cover catastrophic exposure for members where HAP retains risk for health care services, which exceed \$500,000 per occurrence and, in the event of insolvency, to cover services provided to members by noncontracted providers. The funds are maintained in compliance with an agreement with the Insurance Commissioner for the State of Michigan and can only be used by the Corporation at the direction of the Insurance Commissioner. The funds are invested in a money market fund (stated at fair value) and interest on these funds accrues to the Corporation.

D. Business Interruption Insurance Recoveries - NOT APPLICABLE.

E. State Transferable Tax Credits - NOT APPLICABLE.

F. Subprime Mortgage Related Risk Exposure - NOT APPLICABLE.

G. Retained Assets – NOT APPLICABLE.

H. Insurance-Linked Securities

22. EVENTS SUBSEQUENT

Type I – Recognized Subsequent Events - NOT APPLICABLE.

Type II – Nonrecognized Subsequent Events

Subsequent events have been considered through February 29, 2016 for the Statutory Statements issued on December 31, 2015.

On January 1, 2016, the Corporation will be subject to an annual fee under section 9010 of the Federal Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the Corporation’s net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity’s portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2015, the Corporation has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2016, and estimates its portion of the annual health insurance industry fee to be payable on September 30, 2016 to be \$14,950,000. This amount is reflected in special surplus. This assessment is expected to impact risk based capital by 20 percentage points. Reporting the ACA assessment as of December 31, 2015, would not have triggered an RBC action level.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Care Act (YES/NO)?	YES	
B. ACA fee assessment payable for the upcoming year	14,950,000	16,524,000
C. ACA fee assessment paid	16,524,000	13,466,000
D. Premium written subject to ACA 9010 assessment	1,121,057,000	1,719,357,000
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	212,255,000	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	197,305,000	
G. Authorized Control Level (Five-Year Historical Line 15)	76,455,000	
H. Would reporting the ACA assessment as of December 31, 2015, have triggered an RBC action level (YES/NO)?	NO	

On February 1, 2016 the Corporation completed the merger with HealthPlus of Michigan (HPM) pursuant to the Agreement and Plan of Merger dated October 30, 2015 and the Order approving acquisition as approved by the State of Michigan Department of Insurance and Financial Services. HPM will merge into the Corporation, with the Corporation as the surviving entity, and the separate existence of HPM will cease.

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Corporation or by any representative, officer, trustee or director of the Corporation?  
Yes ( ) No (X)
- (2) Have any policies issued by the Corporation been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes ( ) No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Corporation have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes ( ) No (X)
- (2) Does the Corporation have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes ( ) No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Corporation may consider the current or anticipated experience of the business reinsured in making this estimate. \$ None
- (2) Have any new arrangements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the Corporation as of the effective date of the agreement? Yes ( ) No (X)

B. Uncollectible Reinsurance - NOT APPLICABLE.

C. Commutation of Ceded Reinsurance - NOT APPLICABLE.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – NOT APPLICABLE.

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

- A. The Corporation estimates accrued retrospective premium adjustments related to its Medicare Advantage health insurance contracts. An estimated risk sharing receivable or payable for the CMS risk corridor provision is recognized based on activity-to-date and is accumulated at the contract level and recorded as aggregate policy reserves. Costs for prescription drugs are expensed as incurred.
- B. The Corporation records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Corporation at December 31, 2015 that are subject to retrospective rating or redetermination features was \$631,985,000 million that represented 39.4% of the total net premiums written for the Corporation. No other net premiums written by the Corporation are subject to retrospective rating features.
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred					
(2) Medical loss ratio rebates paid					
(3) Medical loss ratio rebates unpaid					
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred		1,368,000			1,368,000
(8) Medical loss ratio rebates paid					
(9) Medical loss ratio rebates unpaid		1,368,000			1,368,000
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	1,368,000

- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)
- (1) Did the reporting entity write accident and health insurance premium that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? YES
- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on Admitted Assets, Liabilities and Revenue for the Current Year
- a. Permanent ACA Risk Adjustment Program
- Assets
1. Premium adjustments receivable due to ACA Risk Adjustment    \$ 1,906,000
- Liabilities
2. Risk adjustment user fees payable for ACA Risk Adjustment    \$ 33,000
3. Premium adjustments payable due to ACA Risk Adjustment    \$ None
- Operations (Revenue and Expense)
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment    \$ 5,931,000
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)    \$ 33,000
- b. Transitional ACA Reinsurance Program
- Assets
1. Amounts recoverable for claims paid due to ACA Reinsurance    \$ 3,497,000.
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability)    \$ 221,000.
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance    \$ None

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan

NOTES TO FINANCIAL STATEMENTS

Liabilities

4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium	\$9,311,000.
5. Ceded reinsurance premiums payable due to ACA Reinsurance	\$ 271,000.
6. Liabilities for amounts held under uninsured plans contributions for ACA reinsurance Operations (Revenue and Expense)	\$None
7. Ceded reinsurance premiums due to ACA Reinsurance	\$ 271,000.
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected	\$4,513,000.
9. ACA Reinsurance contributions – not reported as ceded premium	\$9,311,000.

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors	\$None
--	--------

Liabilities

2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors	\$ 690,000
---	------------

Operations (Revenue and Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/ received)	\$ 690,000
4. Effect of ACA Risk Corridors on change in reserves for rate credits	\$None

(3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance.

	Acer During the Prior Yr on Bus Written Before Dec 31 of the Prior Year		Rec'd or Paid as of the Curr Yr on Business Written Before Dec 31 of the Prior Yr		Differences		Adjustments			Unsettled Bals as of Reporting Date	
	Prior Year Acer Less Payments (Col 1-3)		Prior Year Accr Less Payments (Col 2-4)		To Pr Year Balances		To Pr Year Balances		Ref	Cumulative Bal from Pr Years (Col 1-3+7)	Cumulative Bal from Pr Years (Col 2-4+8)
	1	2	3	4	5	6	7	8		1	2
	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program											
1. Premium adjustment receivable			5,164,000		(5,164,000)		5,164,000		A	0	
2. Premium adjustments (payable)									B		
3. Subtotal ACA Permanent Risk Adjustment program			5,164,000		(5,164,000)		5,164,000			0	
b. Transitional ACA Reinsurance Program											
1. Amounts recoverable for claims paid	4,455,000		5,683,000		(1,228,000)		1,228,000		C	0	
2. Amounts recoverable for claims unpaid (contra liability)	239,000		239,000		0				D	0	
3. Amounts receivable relating to uninsured plans									E		
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium		15,944,000		15,944,000		0			F		0
5. Ceded reinsurance premiums payable		269,000		269,000		0			G		0
6. Liability for amounts hold under uninsured plans									H		
7. Subtotal ACA Transitional Reinsurance Program	4,694,000	16,213,000	5,922,000	16,213,000	(1,228,000)	0	1,228,000			0	0
c. Temporary ACA Risk Corridors Program											
1. Accrued retrospective premium									I		
2. Reserve for rate credits or policy experience rating refunds				1,080,000		(1,080,000)		1,080,000	J		0
3. Subtotal ACA Risk Corridors Program				1,080,000		(1,080,000)		1,080,000			0
d. Total for ACA Risk Sharing Provisions	4,694,000	16,213,000	11,086,000	17,293,000	(6,392,000)	(1,080,000)	6,392,000	1,080,000		0	0
Explanations of Adjustments											
A. Adjustments are for claims with 2014 service dates.											
B. None											
C. Adjustment is based on the final announced payouts by CMS.											
D. None											
E. None											
F. None											
G. None											
H. None											
I. None											
J. Adjustments are for claims with 2014 service dates.											

**ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Health Alliance Plan of Michigan**  
**NOTES TO FINANCIAL STATEMENTS**

**25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES**

Activity in the liability for claims unpaid at December 31, 2014 and 2013 is summarized as follows:

	2015	2014
	<hr/>	<hr/>
Balance - January 1	124,482,000	133,653,000
Incurred related to:		
Current year	1,448,493,000	1,563,627,000
Prior year	<u>(27,327,000)</u>	<u>(5,961,000)</u>
Total incurred	<u>1,421,166,000</u>	<u>1,557,666,000</u>
Paid related to:		
Current year	1,334,006,000	1,441,127,000
Prior year	<u>99,813,000</u>	<u>125,710,000</u>
Total paid	<u>1,433,819,000</u>	<u>1,566,837,000</u>
	<hr/>	<hr/>
Balance - December 31	<u><u>111,829,000</u></u>	<u><u>124,482,000</u></u>

Changes in actuarial estimates of claims unpaid reported as "incurred related to prior years" reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

**26. INTERCOMPANY POOLING ARRANGEMENTS - NOT APPLICABLE.**

**27. STRUCTURED SETTLEMENTS - NOT APPLICABLE.**

**28. HEALTH CARE RECEIVABLES**

A. Pharmaceutical Rebate Receivables (dollars in thousands)

These rebates are calculated using historical rebate trends and membership.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2015	2,603				
09/30/2015	2,139	2,296	405		
06/30/2015	1,640	2,227	451	471	
03/31/2015	1,603	2,063	80	1,588	710
12/31/2014	1,536	1,716	89	1,687	610
09/30/2014	1,541	1,613	1,272	636	
06/30/2014	1,621	1,933	1,483	610	
03/31/2014	1,555	2,054	1,089	983	18
12/31/2013	1,611	1,947	1,247	708	
09/30/2013	1,618	1,332	1,097	836	2
06/30/2013	1,625	1,315	1,137	513	2
03/31/2013	1,630	1,258	321	1,283	1

B. Risk Sharing Receivables - NOT APPLICABLE.

**29. PARTICIPATING POLICIES**

NOT APPLICABLE.

**30. PREMIUM DEFICIENCY RESERVES**

NOT APPLICABLE.

**31. ANTICIPATED SALVAGE AND SUBROGATION**

NOT APPLICABLE.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Michigan.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 2.2

If yes, date of change:

.....10/30/2015
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2012
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2012
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....02/10/2014
- 3.4

By what department or departments? The Michigan Department of Insurance and Financial Services.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ N/A ☐
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes ☐ No ☒
- 4.12 renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes ☐ No ☒
- 4.22 renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information .....
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control

.....0.0
- 7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [ X ]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [ X ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte and Touche LLP Suite 3900 200 Renaissance Center Detroit Michigan 48243.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [ X ]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [ X ]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [ X ] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
David O Thoen FSA MAAA Deloitte Consulting 50 South 6th Street Minneapolis MN 55402.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

N/A.....

.....0

\$ .....0

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
Not applicable.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ X ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).



GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [ ] No [ X ]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [ X ] No [ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [ X ] No [ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [ X ] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [ ] No [ X ]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [ ] No [ X ]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....0
- 21.22 Borrowed from others \$.....0
- 21.23 Leased from others \$.....0
- 21.24 Other \$.....0
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [ ] No [ X ]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....0
- 22.22 Amount paid as expenses \$.....0
- 22.23 Other amounts paid \$.....0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [ X ] No [ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [ X ] No [ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- Pursuant to investment policy the Corporation is not permitted to engage in securities lending.....
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [ ] No [ ] NA [ X ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [ ] No [ ] NA [ X ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [ ] No [ ] NA [ X ]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [ ] No [ ] NA [ X ]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.103 Total payable for securities lending reported on the liability page \$.....0

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [ X ] No [ ]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$ .....0
25.22 Subject to reverse repurchase agreements	\$ .....0
25.23 Subject to dollar repurchase agreements	\$ .....0
25.24 Subject to reverse dollar repurchase agreements	\$ .....0
25.25 Placed under option agreements	\$ .....0
25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock	\$ .....0
25.27 FHLB Capital Stock	\$ .....0
25.28 On deposit with states	\$ .....1,000,000
25.29 On deposit with other regulatory bodies	\$ .....0
25.30 Pledged as collateral – excluding collateral pledged to an FHLB	\$ .....0
25.31 Pledged as collateral to FHLB – including assets backing funding agreements	\$ .....0
25.32 Other	\$ .....12,000,000

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
Not applicable.....		

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ ]  
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [ X ]

27.2 If yes, state the amount thereof at December 31 of the current year. \$.....

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [ X ] No [ ]

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian’s Address
Comerica Bank NA.....	Detroit, Michigan.....
The Northern Trust Company.....	Chicago, Illinois.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Not applicable.....		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [ X ]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Not applicable.....			

GENERAL INTERROGATORIES

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
Not Applicable.....	Christopher Graunstadt.....	Detroit Michigan.....
152606.....	Doubleline Capital LP.....	Los Angeles California.....
104863.....	Income Research and Management.....	Boston Massachusetts.....
107038.....	J.P. Morgan Investment Management Inc.....	New York New York.....
104559.....	Pacific Investment Management Company LLC.....	Newport Beach California.....
108860.....	Post Advisory Group LLC.....	Santa Monica California.....
159020.....	Sky Harbor Capital Management LLC.....	Greenwich Connecticut.....
106614.....	Blackrock Advisors LLC.....	Wilmington Delaware.....
105642.....	The Dreyfus Corporation.....	New York New York.....
107738.....	Goldman Sachs Asset Management LP.....	New York New York.....
108281.....	Fidelity management and Research Company.....	Boston Massachusetts.....
110841.....	Wells Fargo Funds Management LLC.....	San Francisco California.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [ X ] No [ ]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2001. 111994-90-1.....	JP Morgan Core Bond Trust Fund.....	20,764,605
29.2002. 09256H-28-6.....	Blackrock S10.....	14,153,404
29.2003. 991RN8-99-2.....	Sky Harbor Short Duration High Yield Partners LP.....	10,604,319
29.2004. 258620-86-3.....	Doubleline Low Duration Bond Fund.....	23,461,580
29.2999 TOTAL		68,983,908

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
JP Morgan Core Bond Trust Fund.....	Strips 0 5/15/2020.....	249,175	12/31/2015.....
JP Morgan Core Bond Trust Fund.....	United 2.125% 08/21.....	232,564	12/31/2015.....
JP Morgan Core Bond Trust Fund.....	United 1.75% 05/23.....	224,258	12/31/2015.....
JP Morgan Core Bond Trust Fund.....	Strips 0 2/15/2016.....	195,187	12/31/2015.....
JP Morgan Core Bond Trust Fund.....	United States Zero 08/20.....	176,499	12/31/2015.....
Blackrock S10.....	U.S. Treasury Securities.....	4,083,257	12/31/2015.....
Blackrock S10.....	Federal Home Loan Mortgage Corp (Gold).....	745,884	12/31/2015.....
Blackrock S10.....	Italy (Republic of ).....	410,449	12/31/2015.....
Blackrock S10.....	Japan ( Government of ).....	216,547	12/31/2015.....
Blackrock S10.....	United Kingdom (Government of ).....	210,886	12/31/2015.....
Sky Harbor Short Dur High Yield Partners LP.....	Rlgy Grp / Sun G.....	92,258	12/31/2015.....
Sky Harbor Short Dur High Yield Partners LP.....	Intl Lease Fin.....	91,197	12/31/2015.....
Sky Harbor Short Dur High Yield Partners LP.....	Cit Group Inc.....	91,197	12/31/2015.....
Sky Harbor Short Dur High Yield Partners LP.....	CHS/Community.....	84,835	12/31/2015.....
Sky Harbor Short Dur High Yield Partners LP.....	Telesat Canada/L.....	83,774	12/31/2015.....
Doubleline Low Duration Bond Fund.....	Fidelity Instl Cash PTF.....	588,886	12/31/2015.....
Doubleline Low Duration Bond Fund.....	Blackrock Liq Fd Fedfund.....	588,886	12/31/2015.....
Doubleline Low Duration Bond Fund.....	Morgan Stanley Liq Govt Inst.....	588,886	12/31/2015.....
Doubleline Low Duration Bond Fund.....	Doubleline Fds Tr Low Dur Fx l.....	415,270	12/31/2015.....
Doubleline Low Duration Bond Fund.....	U.S. Treasury Notes.....	274,500	12/31/2015.....

GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	197,606,135	197,618,331	12,196
30.2 Preferred Stocks.....	0		0
30.3 Totals	197,606,135	197,618,331	12,196

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on quoted market prices where available obtained primarily from a third-party pricing service which generally uses Level 1 or Level 2 inputs for the determination of fair value.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ X ] No [ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ X ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ .....372,294
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Not applicable.....	\$.....0

- 34.1 Amount of payments for legal expenses, if any? \$ .....396,733
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Not applicable.....	\$.....0

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Not applicable.....	\$.....0

GENERAL INTERROGATORIES  
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2 If yes, indicate premium earned on U. S. business only.

\$ .....0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$ .....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$ .....0

1.62 Total incurred claims

\$ .....0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$ .....0

1.65 Total incurred claims

\$ .....0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$ .....0

1.72 Total incurred claims

\$ .....0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$ .....0

1.75 Total incurred claims

\$ .....0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....1,605,369,380	\$	.....1,750,916,368
2.2	Premium Denominator	\$ .....1,605,369,380	\$	.....1,750,916,368
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$ .....114,222,299	\$	.....124,756,501
2.5	Reserve Denominator	\$ .....114,222,299	\$	.....124,756,501
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ X ] No [ ]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [ X ] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$ .....2,750,000

5.32 Medical Only

\$ .....

5.33 Medicare Supplement

\$ .....

5.34 Dental and Vision

\$ .....

5.35 Other Limited Benefit Plan

\$ .....

5.36 Other

\$ .....

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Please see Attachment D

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [ X ] No [ ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....9,373

8.2 Number of providers at end of reporting year

.....10,476

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [ ] No [ X ]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....0

9.22 Business with rate guarantees over 36 months

.....0

GENERAL INTERROGATORIES  
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [ X ] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....3,737,936

10.24 Amount actually paid for year withholds

\$.....1,777,551

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [ ] No [ X ]

11.13 An Individual Practice Association (IPA), or,

Yes [ ] No [ X ]

11.14 A Mixed Model (combination of above) ?

Yes [ ] No [ X ]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [ X ] No [ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan.....

11.4 If yes, show the amount required.

\$.....152,910,438

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [ ] No [ X ]

11.6 If the amount is calculated, show the calculation

The amount reported is the greater of 4% of premiums or 200% of the authorized control level risk based capital

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Arenac County.....
Bay County.....
Clare County.....
Genessee County.....
Gladwin County.....
Gratiot County.....
Huron County.....
Iosco County.....
Isabella County.....
Lapeer County.....
Livingston County.....
Macomb County.....
Midland County.....
Monroe County.....
Oakland County.....
Ogemaw County.....
Roscommon County.....
Saginaw County.....
Sanilac County.....
St Clair County.....
Tuscola County.....
Washtenaw County.....
Wayne County.....

13.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X ]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X ]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes [ ] No [ N/A [ X ]

14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other

15. Provide the following for Individual ordinary life insurance\* policies (U.S. business Only) for the current year:

15.1 Direct Premium Written (prior to reinsurance ceded)

\$.....

15.2 Total incurred claims

\$.....

15.3 Number of covered lives

.....

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE - YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28) .....	450,088,836	469,021,560	456,678,445	499,998,727	501,529,888
2. Total liabilities (Page 3, Line 24) .....	237,833,532	260,759,616	246,454,536	268,544,205	262,969,246
3. Statutory minimum capital and surplus requirement .....	152,910,438	148,998,596	138,987,794	138,646,884	130,544,726
4. Total capital and surplus (Page 3, Line 33) .....	212,255,304	208,261,944	210,223,909	231,454,521	238,560,616
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	1,605,179,998	1,749,489,497	1,869,010,868	1,895,087,492	1,791,334,792
6. Total medical and hospital expenses (Line 18) .....	1,421,166,489	1,541,223,926	1,666,104,744	1,707,495,571	1,627,176,604
7. Claims adjustment expenses (Line 20) .....	21,770,489	22,907,336	24,579,941	26,232,035	23,295,552
8. Total administrative expenses (Line 21) .....	176,483,170	194,494,378	163,699,978	148,233,840	124,063,824
9. Net underwriting gain (loss) (Line 24) .....	(14,240,151)	(9,136,142)	14,626,205	13,126,046	16,798,811
10. Net investment gain (loss) (Line 27) .....	(19,234,166)	3,880,757	3,145,647	8,579,867	6,980,391
11. Total other income (Lines 28 plus 29) .....	423,652	257,947	108,132	127,088	0
12. Net income or (loss) (Line 32) .....	(33,050,665)	(4,997,438)	17,879,984	21,833,001	23,779,202
<b>Cash Flow</b> (Page 6)					
13. Net cash from operations (Line 11).....	8,824,969	18,458,837	18,348,854	46,095,556	31,734,391
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital.....	212,255,304	208,261,944	210,223,909	231,454,521	238,560,616
15. Authorized control level risk-based capital .....	76,455,219	74,481,088	69,493,897	69,323,442	65,272,363
<b>Enrollment</b> (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7) .....	255,876	271,908	329,298	342,264	331,214
17. Total members months (Column 6, Line 7) .....	3,123,862	3,529,098	3,999,656	4,128,664	3,985,522
<b>Operating Percentage</b> (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	88.5	88.0	89.1	90.1	90.8
20. Cost containment expenses .....	1.0	0.7	0.8	0.8	0.8
21. Other claims adjustment expenses .....	0.4	0.6	0.6	0.5	0.5
22. Total underwriting deductions (Line 23) .....	100.9	100.4	99.2	99.3	99.1
23. Total underwriting gain (loss) (Line 24) .....	(0.9)	(0.5)	0.8	0.7	0.9
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5) .....	97,154,847	129,190,649	107,101,411	106,437,312	86,713,137
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] .....	112,288,400	131,386,087	142,736,788	129,765,482	120,794,604
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1) .....	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1) .....	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1) .....	99,335,652	128,163,750	126,088,827	124,419,996	121,394,012
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....	0	0	0	0	0
30. Affiliated mortgage loans on real estate .....		0	0	0	0
31. All other affiliated .....		0	0	632,400	743,382
32. Total of above Lines 26 to 31.....	99,335,652	128,163,750	126,088,827	125,052,396	122,137,394
33. Total investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....Yes [   ] No [   ]

If no, please explain

.....



SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

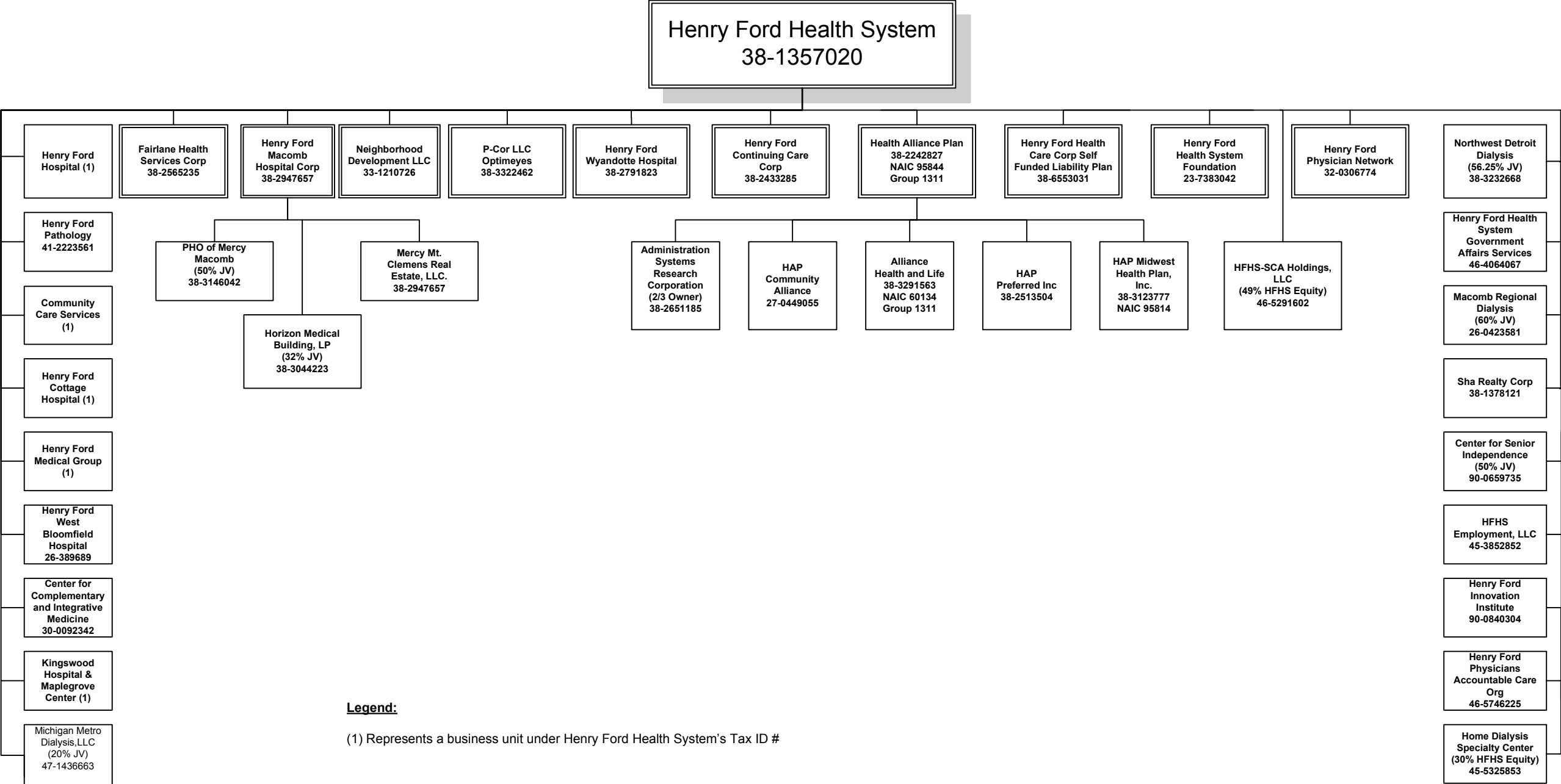
			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Consideration s	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama .....	AL	N							0	0
2.	Alaska .....	AK	N							0	0
3.	Arizona .....	AZ	N							0	0
4.	Arkansas .....	AR	N							0	0
5.	California .....	CA	N							0	0
6.	Colorado .....	CO	N							0	0
7.	Connecticut .....	CT	N							0	0
8.	Delaware .....	DE	N							0	0
9.	District of Columbia .....	DC	N							0	0
10.	Florida .....	FL	N							0	0
11.	Georgia .....	GA	N							0	0
12.	Hawaii .....	HI	N							0	0
13.	Idaho .....	ID	N							0	0
14.	Illinois .....	IL	N							0	0
15.	Indiana .....	IN	N							0	0
16.	Iowa .....	IA	N							0	0
17.	Kansas .....	KS	N							0	0
18.	Kentucky .....	KY	N							0	0
19.	Louisiana .....	LA	N							0	0
20.	Maine .....	ME	N							0	0
21.	Maryland .....	MD	N							0	0
22.	Massachusetts .....	MA	N							0	0
23.	Michigan .....	MI	L	1,012,634,232	484,948,036		108,422,768			1,606,005,036	0
24.	Minnesota .....	MN	N							0	0
25.	Mississippi .....	MS	N							0	0
26.	Missouri .....	MO	N							0	0
27.	Montana .....	MT	N							0	0
28.	Nebraska .....	NE	N							0	0
29.	Nevada .....	NV	N							0	0
30.	New Hampshire .....	NH	N							0	0
31.	New Jersey .....	NJ	N							0	0
32.	New Mexico .....	NM	N							0	0
33.	New York .....	NY	N							0	0
34.	North Carolina .....	NC	N							0	0
35.	North Dakota .....	ND	N							0	0
36.	Ohio .....	OH	N							0	0
37.	Oklahoma .....	OK	N							0	0
38.	Oregon .....	OR	N							0	0
39.	Pennsylvania .....	PA	N							0	0
40.	Rhode Island .....	RI	N							0	0
41.	South Carolina .....	SC	N							0	0
42.	South Dakota .....	SD	N							0	0
43.	Tennessee .....	TN	N							0	0
44.	Texas .....	TX	N							0	0
45.	Utah .....	UT	N							0	0
46.	Vermont .....	VT	N							0	0
47.	Virginia .....	VA	N							0	0
48.	Washington .....	WA	N							0	0
49.	West Virginia .....	WV	N							0	0
50.	Wisconsin .....	WI	N							0	0
51.	Wyoming .....	WY	N							0	0
52.	American Samoa .....	AS	N							0	0
53.	Guam .....	GU	N							0	0
54.	Puerto Rico .....	PR	N							0	0
55.	U.S. Virgin Islands .....	VI	N							0	0
56.	Northern Mariana Islands .....	MP	N							0	0
57.	Canada .....	CAN	N							0	0
58.	Aggregate other alien .....	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal.....		XXX	1,012,634,232	484,948,036	0	108,422,768	0	0	1,606,005,036	0
60.	Reporting entity contributions for Employee Benefit Plans.....		XXX							0	
61.	Total (Direct Business)	(a)	1	1,012,634,232	484,948,036	0	108,422,768	0	0	1,606,005,036	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page.....		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.      Premiums are allocated to the states based upon the situs of the contract of the individual and employer group policyholder

(a) Insert the number of L responses except for Canada and other Alien.

ANNUAL STATEMENT AS OF DECEMBER 31, 2015 OF THE Health Alliance Plan of Michigan  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART



# ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Operations by Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 3A – Analysis of Health Care Receivables Collected and Accrued	20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24
Exhibit 8 – Furniture, Equipment and Supplies Owned	25
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Nonadmitted Assets	16
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	26
Overflow Page For Write-Ins	44
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	SI02
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Part 3	E06
Schedule B – Verification Between Years	SI02
Schedule BA – Part 1	E07
Schedule BA – Part 2	E08
Schedule BA – Part 3	E09
Schedule BA – Verification Between Years	SI03
Schedule D – Part 1	E10

# ALPHABETICAL INDEX

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## ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 1A – Section 1	SI05
Schedule D – Part 1A – Section 2	SI08
Schedule D – Part 2 – Section 1	E11
Schedule D – Part 2 – Section 2	E12
Schedule D – Part 3	E13
Schedule D – Part 4	E14
Schedule D – Part 5	E15
Schedule D – Part 6 – Section 1	E16
Schedule D – Part 6 – Section 2	E16
Schedule D – Summary By Country	SI04
Schedule D – Verification Between Years	SI03
Schedule DA – Part 1	E17
Schedule DA – Verification Between Years	SI10
Schedule DB – Part A – Section 1	E18
Schedule DB – Part A – Section 2	E19
Schedule DB – Part A – Verification Between Years	SI11
Schedule DB – Part B – Section 1	E20
Schedule DB – Part B – Section 2	E21
Schedule DB – Part B – Verification Between Years	SI11
Schedule DB – Part C – Section 1	SI12
Schedule DB – Part C – Section 2	SI13
Schedule DB – Part D – Section 1	E22
Schedule DB – Part D – Section 2	E23
Schedule DB – Verification	SI14
Schedule DL – Part 1	E24
Schedule DL – Part 2	E25
Schedule E – Part 1 – Cash	E26
Schedule E – Part 2 – Cash Equivalents	E27
Schedule E – Part 3 – Special Deposits	E28
Schedule E – Verification Between Years	SI15
Schedule S – Part 1 – Section 2	31
Schedule S – Part 2	32
Schedule S – Part 3 – Section 2	33
Schedule S – Part 4	34
Schedule S – Part 5	35
Schedule S – Part 6	36
Schedule S – Part 7	37
Schedule T – Part 2 – Interstate Compact	39
Schedule T – Premiums and Other Considerations	38
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule Y – Part 1A – Detail of Insurance Holding Company System	41
Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01

# ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Supplemental Exhibits and Schedules Interrogatories	43
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

